

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

---ooOoo---

**LARGE MINE RECLAMATION CONTRACT**

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Northern Stone Supply, Inc.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **M/003/020** Which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

☒ **APPROVED**

**RECEIVED**

**JAN 08 2007**

DIV. OF OIL, GAS & MINING

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and
  - B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the approved NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with an approved notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the approved NOI.
- 3. The Reclamation Plan is intended to establish methods, plans, specifications, and other details required by the Act and regulations as they pertain to the lands affected by mining operations, and no provision of the Reclamation Plan shall be interpreted to diminish the requirements of the Act and regulations. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI or Reclamation Plan, which are primarily intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
  - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety.

☒ APPROVED

B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be adequate to ensure complete reclamation of the lands affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to

maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.

10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

☒ APPROVED

Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

NORTHERN STONE SUPPLY, INC.

Operator Name

By GARY MULLARD

Authorized Officer (Typed or Printed)

PRESIDENT

Authorized Officer - Position

Gary Mullard

Officer's Signature

1.3.07  
Date

STATE OF Idaho)

COUNTY OF Cassia) ss:

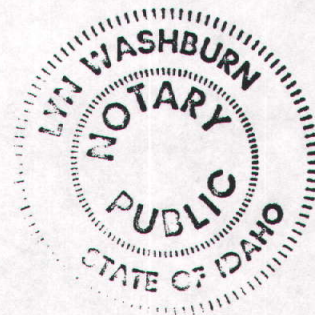
On the 3<sup>rd</sup> day of January, 20 07, Gary Mullard  
personally appeared before me, who being by me duly sworn did say that  
he/she is an owner/officer (i.e. owner, officer, director,  
partner, agent or other (specify)) of the Operator and duly acknowledged that  
said instrument was signed on behalf of said Operator by authority of its bylaws,  
a resolution of its board of directors, or as may otherwise be required to execute  
the same with full authority and to be bound hereby.

Lyn Washburn

Notary Public

Residing at Oakley, Idaho

My Commission Expires: 2-3-2007



☒ APPROVED

DIVISION OF OIL, GAS AND MINING:

By John R. Baza 1/19/07  
John R. Baza, Director Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 19<sup>th</sup> day of January, 2007, John R. Baza  
personally appeared before me, who being duly sworn did say that he,  
the said John R. Baza is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he  
duly acknowledged to me that he executed the foregoing document by authority  
of law on behalf of the State of Utah.

Victoria A Bailey  
Notary Public

Residing at: Salt Lake City, UT

February 29, 2008  
My Commission Expires:



## FACT SHEET

Commodity: MILL(ON) - DECORATIVE STONE

Acres: 27.74

County: Box Elder

Mine Name: Turquoise Stone

Operator Name: Northern Stone Supply, Inc.

Operator Address: 203 W MAIN PO BOX 249 OAKLEY ID 83346

Operator email: gosterhout@pmt.org

Operator Telephone: (208) 862-3353

Operator contact person: GARY MULLARD

***BLM administered surety as identified below:***

Surety Type: Certificate of Deposit (State of Utah, DOGM named as co-beneficiary)

Bank: Zions Bank

Account number:

Dollar amount: \$65,600.00

DOGM has copies of: BLM letter financial guarantee accepted, Surface Management Personal Bond, Zions Bank Time Deposit Confirmation, agreement not to off set.

Surety Type: Corporate Surety (State of Utah, DOGM named as co-beneficiary)

Company: Travelers Casualty and Surety Company of America

Bond Number: ICM

Amount: \$13,000.00

DOGM has copies of: BLM letter Bond Rider accepted, Surety bond rider, Surface Management Surety Bond

***Surety required: \$78,200.00***

Escalation year: 2011

**Attachment A to the Reclamation Contract**

BLM financial Guarantee Accepted Letter (Dec. 12, 2006)

Surface Management Personal Bond, \$65,600.00

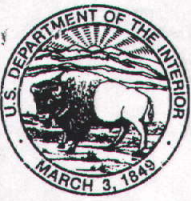
Zions Bank, Time Deposit Confirmation (Sept. 21, 2006)

Legal Hard Hold Screen Print for CD

Agreement Not to Off Set (CD)

Surety bond rider, bond number \_\_\_\_\_ BCM

Surface Management Surety Bond, \$13,000.00



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov>



IN REPLY REFER TO:  
3809  
(UT-923-OA)  
UTU-69380

December 12, 2006

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

## DECISION

Obligor/Operator:	:	Plan Serial No.:	UTU-69380
Northern Stone Supply, Inc.	:		
P. O. Box 249	:	Bond Amount:	\$65,600.00
Oakley, ID 83346	:	(Increased Amount)	
	:		
Financial Institution:	:	Total Amount of Bonds Held:	\$78,600.00
Zions Bank	:		
102 West Main	:		
Burley, ID 83318	:		

### Financial Guarantee Accepted

On December 7, 2006, this office received a Surface Management Personal Bond contract and on December 11, 2006, this office received a certificate of deposit (CD) account as the financial guarantee in the amount of \$65,600 to secure a bond for the plan identified above. The bond and the financial document have been examined and found satisfactory. The financial guarantee is accepted as of December 11, 2006.

This \$65,600 bond is in addition to the current \$13,000 bond held, totaling \$78,600. These bonds cover operations conducted by or on behalf of the obligor/operator on the above-mentioned plan.

The pledge for the bond is a CD written by the financial institution named above. The CD will be retained in this office until all terms and conditions of the operations have been fulfilled or until a satisfactory replacement bond has been accepted. If the term of the CD expires prior to release or replacement of the bond, the obligor may request the return of the certificate only by providing a replacement certificate made payable to the Department of the Interior-BLM, and bearing interest payable to the obligor or some other party. Otherwise, the certificate will be redeemed or retained for potential redemption to guarantee fulfillment of the obligor's obligations on the above-mentioned notice/plan.

☒ APPROVED

Attachment A

M/003/020

Please be advised that release of the funds in the account to any party will be allowed only after Secretarial approval is given to the financial institution through the BLM Utah State Office. Also, any penalties for early redemption of the CD account will be paid from the obligor's interest earned and not from the principal amount of the CD.

The two time deposit confirmations in the amount of \$2,720 (i [redacted] ) and \$17,700 (i [redacted] ) that were not accepted by the BLM and are hereby released and returned to Zions Bank.

In addition, the deposit confirmation with the incorrect bond amount is returned to the Zions Bank. If you have any questions, please call Opie Abeyta at (801) 539-4123.

**OPOLONIA L. ABEYTA**

*Fok*

James F. Kohler  
Chief, Branch of Solid Minerals

4 Enclosures to Zions Bank

1. Time Deposit Confirmation # [redacted]
2. Time Deposit Confirmation # [redacted]
3. Time Deposit Confirmation # [redacted] 5 (with incorrect amount)
4. Accepted bond contract and Time Deposit Confirmation # [redacted] (with correct amount)

cc: Bret Whetman, Vice President, Corporate Relations, Zions Bank  
310 S. Main Street  
Salt Lake City, UT 84101  
Larry Garahana, SLFO (UT-020)  
UDOGM (S/003/020) (w/encl.)  
1594 W. North Temple, Suite 1210  
Salt Lake City, UT 84114

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

BLM - UT - 950

**SURFACE MANAGEMENT PERSONAL BOND**

Act of May 10, 1872, as amended (30 U.S.C. 22-54)  
Act of December 29, 1916, as amended (39 Stat. 862)  
Act of October 21, 1976, as amended (43 U.S.C. 1732-35, 1782)  
Act of September 13, 1982 (31 U.S.C. 9301 et seq.)  
Act of September 27, 1988 (102 Stat. 1776)  
Act of April 16, 1993 (43 U.S.C. 299)

FORM APPROVED  
OMB NO. 1004-0194  
Expires: January 31, 2007

Individual UTU 69380; or Statewide \_\_\_\_\_; or Nationwide \_\_\_\_\_  
(Enter BLM Serial No.) (Enter Name of State, if applicable) ("Yes," if applicable)

KNOW ALL MEN BY THESE PRESENTS, THAT NORTHERN STONE SUPPLY, INC.  
of P.O. Box 249 CARKLEY, IDAHO 83346  
(name) (address)  
and State of Utah, Division of Oil, Gas, and Mining (OGM)  
as principal; is held firmly bound unto the United States of America in the sum of \_\_\_\_\_

SIXTY FIVE THOUSAND SIX HUNDRED U. S. dollars (\$ 65,600.00 )  
lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney-in-fact for the purpose of negotiating the cash, letters of credit, savings accounts, certificates of deposit, or securities. The interest accruing on the United States securities, cash, or other instruments given above, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond, the plan of operations/notice, must be paid to the principal. The principal hereby, for any heirs, executors, administrators, successors, and assignees, jointly and severally, ratifies and confirms whatever the Secretary will do by virtue of these presents.

The Secretary will transfer this deposit for the faithful performance of any and all of the conditions and stipulations as set forth in this bond, the plan of operations/notice cited above, and the regulations at 43 CFR 3802 and 43 CFR 3809. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that the Secretary will have full power to assign, appropriate, apply, or transfer the deposit, or any portion thereof, to the satisfaction of any damages, reclamation, assessments, penalties, or deficiencies arising by reason of such default.

**BOND CONDITIONS**

1. WHEREAS, the principal has an interest in a mining claim(s), mill site(s), or tunnel site(s) and/or responsibility for operations and/or reclamation on the mining claim(s), mill site(s), tunnel site(s) or public lands under the Acts cited in this bond; and
2. WHEREAS, the principal has filed an acceptable notice with the United States Department of the Interior, Bureau of Land Management (BLM) and/or received approval from the BLM of the plan of operations cited above and said plan of operations/notice contains certain stipulations and conditions; and
3. WHEREAS, the principal hereby waives any right to notice of, and agrees that this bond will remain in full force and effect notwithstanding:
  - a. Any transfer(s) in whole or in part, of any or all of the land covered by the plan of operations/notice further agrees to remain bound under this bond as to the interests in the plan of operations/notice retained by the principal; and
  - b. Any modification of the plan of operations/notice or obligations thereunder; and
4. WHEREAS, the principal hereby agrees that notwithstanding the cancellation or relinquishment of any mining claim(s), mill site(s), or tunnel site(s) covered by this plan of operations/notice, whether by operation of law or otherwise, the bond will remain in full force and effect as to the terms and conditions of the plan of operations/notice, and obligations covered by this bond; and
5. WHEREAS, the principal agrees that in the event of any default under the plan of operations/notice and/or reclamation plan the bond may be forfeited and, the United States, through the BLM, may commence and prosecute any claim, suit, or other proceeding against the principal without the necessity of joining the owner(s) of the mining claim(s), mill site(s), or tunnel site(s) covered by the plan of operations/notice; and
6. WHEREAS, if the principal fails to comply with the provisions of 43 CFR 3802 and 43 CFR 3809, the principal will also be subject to the applicable provisions and penalties of Sections 303 and 305 of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1733 and 1735). This provision will not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default; and

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

ZIONS BANK®

THIS SUPERCEEDS RECEIPT

\$65,200.00 DATED

Account Number: [REDACTED]

Date: SEPT 21, 2006

TIME DEPOSIT CONFIRMATION

08-21-2006

Ownership: NORTHERN STONE SUPPLY INC.

BLM & DOGM

REDEMABLE ONLY BY APPROVAL OF THE BLM & DOGM

Purchase Amount: \$65,600.00

Interest Rate: 5.05%

Annual Percentage Yield: 5.158%

Maturity Date: 03/21/2008

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ Monthly

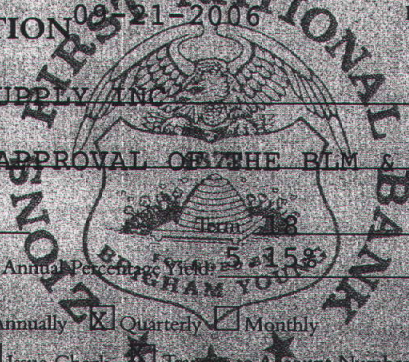
Interest Payment Method: ☐ Add to Deposit ☐ Issue Check ☒ Transfer to Account Number: [REDACTED]

☒ Checking/MMDA

☐ Savings

Bank Representative Signature: *M. Vasquez*

This confirmation is not negotiable. This confirmation is not transferable except on the records of the Bank. The Certificate of Deposit is issued in accordance with the Bank's Deposit Agreement.



2006 DEC 1 AM 10:04  
UT - 950

Time Deposits Assignments Inquiry

Account Number: Options: OK

TIASG I411NV Assignments 001 12-12-2006

Func: M Account: 4119030395 Branch . . . : 00411 Type: 512  
Short Name . : NORTHERN STONE

Amount/Employee	Type	NP	Seq	Exp/Entry	Description 1/Description 2	Delete
.00		C	00002	12 12 2045	SEC OF INTERIOR/BLM MUST	
MH282				10 30 2006	APPROVE REDEMPTION OF CD	
65,600.00	A	00003	12 12 2045	LEGAL HARD HOLD	(D)	
NV411				12 07 2006		
65,600.00	A	00004	12 12 2045	LEGAL HARD HOLD		
NV411				12 12 2006	UTU69380	



BLM - UT - 950

2006 SEP 28 AM 9:24

AGREEMENT NOT TO OFF-SET

Zions Bank is presently the depository for Certificate of  
Deposit Number \_\_\_\_\_ in the principal amount of 65,000.<sup>00</sup>  
titled "Department of the Interior-BLM, for the account of Northern Stone

Supply inc. acknowledges that the purpose of the Certificate  
of Deposit (CD) is for Northern Stone Supply, Inc.  
to fulfill Surface Management bonding  
requirements with the Bureau of Land Management (BLM)

Northern Stone agrees that Zions Bank  
will not use the CD to exercise any off-set rights, which Zions Bank  
may now have or acquire in the future against Northern Stone Supply inc

This agreement shall expire when the CD is withdrawn or any of the terms of the CD, including  
the titling of the CD, are changed, amended or modified. This agreement shall renew whenever  
the CD renews, so long as ownership, titling and all terms of the CD remain the same.

Signed this 21<sup>st</sup> day of Sept, 2006

Zions First National Bank  
(Name & Address of Financial Institution)

By Steve McDonald  
(Name & Title of Authorized Officer for Financial Institution)